

RECORDATION NO. 8162-B Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

## **Lease of Railroad Equipment**

*Dated as of December 1, 1975,*

**BETWEEN**

**EXCHANGE NATIONAL BANK OF CHICAGO,**

**as Owner Trustee under a Trust Agreement**

**dated as of the date hereof with**

**BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION**

**AND**

**REPUBLIC NATIONAL LEASING CORPORATION,**

***as Lessor,***

**AND**

**NORTH AMERICAN CAR CORPORATION,**

***as Lessee.***

### **RAILROAD FREIGHT CARS**

**THE RIGHTS OF THE LESSOR IN AND TO THE RAILROAD FREIGHT CARS HERE-  
UNDER, INCLUDING ITS RIGHTS UNDER THIS LEASE, HAVE BEEN ASSIGNED TO, AND  
ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, AMERICAN NATIONAL BANK &  
TRUST COMPANY OF CHICAGO, AS INDENTURE TRUSTEE, UNDER THE TRUST INDEN-  
TURE DATED AS OF DECEMBER 1, 1975 FROM EXCHANGE NATIONAL BANK OF  
CHICAGO, AS OWNER TRUSTEE, AS SAID TRUST INDENTURE MAY BE AMENDED OR  
SUPPLEMENTED FROM TIME TO TIME AS PERMITTED THEREBY, WHICH SECURITY  
INTEREST HAS BEEN CREATED BY THE ASSIGNMENT OF LEASE AND AGREEMENT  
DATED AS OF DECEMBER 1, 1975 FROM SAID OWNER TRUSTEE TO SAID INDENTURE  
TRUSTEE.**

## LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT dated as of December 1, 1975 (herein, as amended and modified from time to time, called this "Lease"), between EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, as Owner Trustee under the Trust Agreement referred to below (herein, together with its successors and assigns as such Owner Trustee and any person who shall from time to time succeed to ownership of any of the Units or of any interest therein, called the "Lessor"), as lessor, and NORTH AMERICAN CAR CORPORATION, a Delaware corporation (herein, together with its permitted successors and assigns as lessee hereunder called the "Lessee"), as lessee.

### W I T N E S S E T H :

WHEREAS, the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof with PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and NORTH AMERICAN CAR CORPORATION, in its capacity as contractor (such Conditional Sale Agreement, together with all amendments and supplements thereto, being hereinafter called the "Conditional Sale Agreement" and each such party, in its capacity as contractor, being herein called a "Contractor", and collectively called the "Contractors"), wherein the Contractors have severally agreed to manufacture, sell and deliver to the Lessor the units of new, standard gauge railroad tank cars, bulkhead flat cars and covered hopper cars described in Schedule A hereto (hereinafter called the "Units"); and

WHEREAS, in order to provide funds to the Lessor for the cost of purchasing the Units pursuant to the terms of the Conditional Sale Agreement, the Lessor, the Lessee, Bank of America National Trust and Savings Association, as owner participant, Republic National Leasing Corporation, as owner participant (said owner participants, together with their respective successors and assigns, called the "Owner Participants"), the Indenture Trustee (as hereinafter defined) and the institutions named in Schedule I thereto (herein, together with their respective successors and assigns and any other person who from time to time shall become a holder of any Certificates of Interest (as defined in the Trust Indenture), called the "Interim Lenders") and in Schedule II thereto (herein, together with their respective successors and assigns and any other person who from time to time shall become a holder of any Certificates of Interest, called the "Long Term Lenders" and together with the Interim Lenders, collectively called the "Lenders") are entering into a Participation Agreement dated as of the date hereof (herein, as the same may be amended or supplemented from time to time, called the "Participation Agreement"), which provides, among other things, for the making available by the Owner Participants to the Lessor of 36.5% of the aggregate Purchase Price (as defined in the Conditional Sale Agreement) and the lending to the Lessor by the Lenders of 63.5% of said aggregate Purchase Price; and

WHEREAS, each Contractor is assigning its interest in the Conditional Sale Agreement to American National Bank & Trust Company of Chicago, as Indenture Trustee under the Trust Indenture hereinafter defined (herein, together with its successors and assigns as such Indenture Trustee, called the "Indenture Trustee"), pursuant to an Agreement and Assignment dated as of the date hereof (herein, together with all amendments and supplements thereto, called the "Contractors' Assignment"); and

WHEREAS, the Owner Participants and the Lessor, as trustee, are entering into a Trust Agreement dated as of the date hereof (herein, as the same may be amended or supplemented from time to time, called the "Trust Agreement"), whereby, among other things, the Lessor declares a certain trust for the use and benefit of the Owner Participants; and

WHEREAS, the Lessor and the Indenture Trustee are entering into a Trust Indenture dated as of the date hereof (herein, together with all amendments and supplements thereto, called the "Trust Indenture"), pursuant to which the Indenture Trustee shall issue Certificates of Interest (as

defined in the Trust Indenture) to the Lenders as evidence of their respective loans made pursuant to the Participation Agreement, and the Lessor shall deposit, mortgage and pledge with the Indenture Trustee, as part of the Trust Estate (as defined in the Trust Indenture) all the properties held in trust by the Lessor under the Trust Agreement; and

WHEREAS, the Lessee desires to lease such number of the Units as are delivered and accepted and settled for under the Conditional Sale Agreement at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS, the Lessor is assigning for security purposes its rights in, to and under this Lease to the Indenture Trustee pursuant to an Assignment of Lease and Agreement, dated as of the date hereof (herein, as the same may be amended or supplemented from time to time, called the "Lease Assignment"), between the Lessor and the Indenture Trustee; and

WHEREAS, the Lessee is executing and delivering a Lessee's Consent and Agreement dated the date hereof (herein, as the same may be amended or supplemented from time to time, called the "Consent"), to the Indenture Trustee, pursuant to which, among other things, the Lessee consents to the Lessor's assignment of this Lease;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor and the Lessee hereby covenant and agree to the following undertakings and conditions:

SECTION 1. (a) *Demise*. The Lessor hereby leases and lets to the Lessee, and the Lessee hereby hires and takes from the Lessor, each of the Units upon the terms set forth in this Lease.

(b) *Net Lease*. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Conditional Sale Agreement or the Participation Agreement, including the Lessee's rights by subrogation or otherwise thereunder against the Contractors or the Indenture Trustee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the failure on the part of the Lessor or the Lessee to do anything provided to be done under Section 18 or 19 hereof, the invalidity or unenforceability or lack of due authorization of this Lease, force majeure, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessor or the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease, as permitted by the Lease Assignment, the Consent and the Trust Indenture. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

(c) *Betterments*. If no Event of Default shall have occurred and be continuing, Lessee at its sole cost and expense may cause Lessor to acquire, and may install, construct and put into use any

additions to or betterments of the Units or any part thereof, in addition to the acquisition, installation, construction, putting into use and any repair which Lessee is required to complete pursuant to any provision of this Lease, *provided*, that each such addition and betterment (i) shall not lessen the market value of any Unit, (ii) shall be effected with due diligence, in a good and workmanlike manner and in compliance with all legal requirements and insurance requirements, and (iii) shall be promptly and fully paid for by Lessee. Lessee shall procure and pay for all permits and licenses required in connection with each such addition and betterment which shall, as the same is being acquired, installed, constructed and put into use, become a part of the Units to which they are respectively attached and subject to this Lease.

**SECTION 2. *Delivery and Acceptance of Units.*** The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Conditional Sale Agreement. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Conditional Sale Agreement. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the "Certificate of Acceptance") in accordance with the provisions of Article 3 of the Conditional Sale Agreement, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with Section 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

**SECTION 3. *Rentals.*** (a) The Lessee agrees to pay to the Lessor on January 15, 1976 an aggregate rental payment with respect to all of the Units in an amount equal to the product of the funds deposited by the Interim Lenders on the Interim Lenders' Closing Date (as defined in Paragraph 2(a) of the Participation Agreement) pursuant to Paragraph 2 of the Participation Agreement, multiplied by the daily equivalent of 11% per annum for each day (computed on the basis of a 365-day year) elapsed from and including the Interim Lenders' Closing Date to but not including January 15, 1976.

(b) The Lessee agrees to pay to the Lessor on July 1, 1976 an aggregate rental payment with respect to all of the Units in an amount equal to the sum of (x) the product of the funds deposited by the Long Term Lenders on January 15, 1976 pursuant to Paragraph 2 of the Participation Agreement, multiplied by the daily equivalent of 11% per annum for each day (computed on the basis of a 360-day year consisting of twelve 30-day months) elapsed from and including January 15, 1976 to but not including July 1, 1976, plus (y) an amount equal to 1.2375% of the aggregate Purchase Price of the Units subject to this Lease.

(c) The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease, in addition to the rental payments provided by Sections 3(a) and 3(b), 35 consecutive semiannual rental payments, payable in arrears on January 1 and July 1 in each year, commencing January 1, 1977 to and including January 1, 1994. Each such payment shall be in an amount equal to 4.73% of the Purchase Price of the Units then subject to this Lease.

(d) The Lessee agrees to pay to the Lessor on January 1, 1976, in addition to the rental payments provided by Sections 3(a), 3(b) and 3(c), an aggregate rental payment with respect to all of the Units in an amount equal to the product of 36.5% of the Purchase Price of the Units subject to this Lease, multiplied by .03056% for each day elapsed from and including the Interim Lenders' Closing Date to but not including January 1, 1976.

(e) The rental payments hereinbefore set forth are subject to adjustment pursuant to Section 18 hereof; *provided, however*, that no such adjustment shall reduce the amount of rentals below that which is necessary to satisfy and discharge when due, the obligations of the Lessor under the Con-

ditional Sale Agreement, under the Lease Assignment and under the Trust Indenture, including the making of the payments required to be made on the Certificates of Interest.

(f) If any of the rental payment dates referred to above is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business days", as used herein, means all calendar days, except Saturdays, Sundays and any other day on which banking institutions in New York, New York, Dallas, Texas, San Francisco, California or Chicago, Illinois, are authorized or obligated to remain closed.

(g) The Lessor irrevocably instructs the Lessee, so long as any Certificate of Interest shall remain outstanding and so long thereafter as any other obligations of the Lessee hereunder to the holders of the Certificates of Interest shall remain outstanding, to make all the payments provided for in this Lease at the principal office of the Indenture Trustee, for the account of the Lessor, in care of the Indenture Trustee, with instructions to the Indenture Trustee first, to apply such payments to satisfy the obligations of the Lessor under the Conditional Sale Agreement, the Trust Indenture (including the Certificates of Interest referred to therein) and the Lease Assignment, known to the Indenture Trustee to be due and payable on the date such payments are due and payable hereunder, and second, so long as no event of default or event which with notice or lapse of time or both would constitute such an event of default under the Conditional Sale Agreement shall have occurred and be continuing, and no Indenture Default (as defined in the Trust Indenture) or event which with notice or lapse of time or both would constitute such an Indenture Default, shall have occurred and be continuing under the Trust Indenture to pay any balance promptly to the Lessor or to the order of the Lessor in immediately available funds at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for in this Lease in immediately available funds in the city where such payment is to be made.

(h) The Lessee agrees that it will not take any action or omit to take any action which would result in a delay or hindrance in or prohibition of the orderly flow of rental payments as contemplated by this Section 3 and the Consent, and further agrees that if, for any reason whatsoever, such a delay, hindrance or prohibition should occur or be threatened, the Lessee will promptly use its best efforts to eliminate such delay, hindrance or prohibition.

SECTION 4. *Term of Lease.* (a) The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of Sections 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to Section 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 6, 7, 9, 11 and 14 hereof) shall survive the expiration of the term of this Lease.

(b) Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units, are subject to the rights of the Indenture Trustee and the Lenders under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Participation Agreement, the Contractors' Assignment and the Consent. If an event of default should occur under the Conditional Sale Agreement, or if an Indenture Default under the Trust Indenture shall have occurred and be continuing, the Indenture Trustee and the Lenders may terminate this Lease (or rescind its termination), all as provided therein.

SECTION 5. *Identification marks.* (a) The Lessee will for the benefit of the Lessor and the Indenture Trustee and the Lenders cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership Subject to a

Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Indenture Trustee's title to and property in such Unit and the rights of the Lessor under this Lease and of the Indenture Trustee and the Lenders under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Participation Agreement, the Contractors' Assignment and the Consent. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Indenture Trustee and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease, the Conditional Sale Agreement, the Trust Indenture, the Contractors' Assignment, the Consent and the Lease Assignment, or any financing statements relating hereto or thereto, shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Indenture Trustee and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Indenture Trustee's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Indenture Trustee and the Lessor in such Units.

(b) Except as provided in clause (a) above, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates or any authorized sublessees under Section 12 hereof.

SECTION 6. *Taxes.* (a) All payments to be made by the Lessee hereunder will be free of expense to the Indenture Trustee, the Estate (as defined in the Trust Agreement) the Trust Estate (as defined in the Trust Indenture), the Lenders, the Lessor and the Owner Participants (such parties being called in this Section the "indemnitees") for collection or other charges and will be free of expense to the indemnitees with respect to the amount of any local, state, federal, or foreign taxes (other than any United States federal income tax and, to the extent that the indemnitees receive credit therefor against their United States federal income tax liabilities, any foreign income tax payable by the indemnitees in consequence of the receipt of payments provided for herein, and other than the aggregate of all state, city or local income taxes or franchise taxes measured solely by net income based on such receipts, or gross receipts taxes (other than gross receipts taxes in the nature of sales or use taxes or in the nature of occupancy or rental taxes), up to the amount of any such taxes which would be payable in the aggregate to the states, cities and localities in which the indemnitees have their principal places of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or of the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Participation Agreement, the Contractors' Assignment and the Consent, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein, and from and against which the Lessee agrees to indemnify, protect, defend, save, and keep harmless, the indemnitees on an after-tax basis. The Lessee will also pay promptly all impositions (including any imposition resulting from claims against the Lessor, the Owner Trustee or any Owner Participant not related to the

ownership or leasing of the Units which the Lessor, the Owner Trustee, or such Owner Participant shall have failed to satisfy promptly) which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof or upon the Lessor, the Indenture Trustee or the Lenders by reason of the Lenders' security interest therein and any impositions upon any Unit or any other part of the Trust Estate or on account of the transactions contemplated by the Conditional Sale Agreement, the Trust Agreement or the instruments or agreements referred to therein or contemplated thereby, and will keep at all times all and every part of such Unit and every other part of the Trust Estate free and clear of all impositions which might in any way affect the title interest or rights of the Lessor in and to any thereof or result in a lien upon any such Unit or affect the security interest of the Lenders therein; *provided, however*, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor and the Indenture Trustee, adversely affect the title, interest, property or rights of the Lessor or the interests of the Owner Participants hereunder, or under the Trust Agreement or the Indenture Trustee or the Lenders under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Consent and the Contractors' Assignment. The Lessee agrees to give to the Lessor and the Indenture Trustee notice of any such contest within 30 days after the institution thereof. If any impositions shall have been charged or levied against the Lessor, the Indenture Trustee, the Owner Participants, the Estate, the Trust Estate, or the Lenders directly and paid by the Lessor, the Indenture Trustee, the Estate, the Trust Estate or the Lenders, the Lessee shall reimburse the Lessor, the Indenture Trustee, the Estate, the Trust Estate or the Lenders, as the case may be, on presentation of an invoice therefor, except that the Lessee shall not be obligated to reimburse the Lessor for impositions resulting from claims against the Lessor not related to the ownership or leasing of the Units. Notwithstanding anything contained in this Section 6 to the contrary, the Lessee shall not be required to indemnify (i) the Lessor or the Indenture Trustee for any imposition on or measured by any fees or compensation received by the Lessor or the Indenture Trustee for services rendered in connection with the transactions contemplated hereby, or (ii) any Lender for any imposition on or measured by the net income of such Lender.

(b) In the event that the Lessor shall become obligated to make any payment to the Contractors or the Indenture Trustee or otherwise pursuant to Article 6 of the Conditional Sale Agreement or any other correlative provision of the Conditional Sale Agreement or any provision of the Trust Agreement, the Trust Indenture or the Lease Assignment, not covered by clause (a) of this Section 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor, as additional rental hereunder, as will enable the Lessor to fulfill completely its obligations pursuant to said provisions.

(c) In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Indenture Trustee in such Units or notify the Lessor and the Indenture Trustee of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Indenture Trustee.

(d) In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

(e) To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this Section 6, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; *provided, however*, that the Lessee shall indemnify and hold the Lessor,

the Indenture Trustee, the Lenders and the Owner Participants harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

(f) The Lessee shall, whenever requested by the Lessor, the Indenture Trustee, the Lenders or any Owner Participant, submit to the Lessor, the Indenture Trustee, the Lenders and the Owner Participants copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor, the Indenture Trustee, the Lenders and the Owner Participants of the Lessee's performance of its duties under this Section 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

**SECTION 7. *Payment for Casualty Occurrences; Insurance.*** (a) In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or damaged to such extent that, in the good faith opinion of the Board of Directors of the Lessee, the cost of repair of such Unit would be uneconomic and the Lessee shall have discontinued or will discontinue its use of such Unit, or in the event that such Unit shall be or become permanently rendered unfit for use as railroad rolling stock, from any cause whatsoever, or in the event that such Unit shall be taken or requisitioned by condemnation or otherwise permanently, or for an indefinite period of time or for any period longer than one year (all such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, any extended term hereof or until such Unit shall have been returned in the manner provided in Section 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Indenture Trustee with respect thereto. On the first rental payment date occurring more than 30 days after the giving of such notice (other than January 15, 1976) the Lessee shall pay to the Lessor an amount equal to the sum of (i) the rental payment or payments in respect of such Unit due and payable on such date, plus (ii) the aggregate amount of all rental payments in respect of such Unit which became due and payable prior to such date and which are then unpaid, plus (iii) the amount of the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below in this Section 7 and shall pay to the persons entitled thereto any other amounts then due and payable by the Lessee hereunder, under the Conditional Sale Agreement or under the Participation Agreement. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. If the date upon which the making of such payment by the Lessee in respect of any Unit is required as aforesaid shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Lessee, in addition to paying the Casualty Value for such Unit (which shall be the same percentage of the Purchase Price as is indicated in the schedule below opposite the last rental payment date), shall pay interest thereon from the end of such term to the date of such payment at the highest prime rate of interest on 90-day unsecured loans charged to its largest most credit-worthy customers by any of the four New York City banks having the largest total assets (based on the most recent preceding available annual reports of such banks) in effect on the date such payment is made. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and any other amounts then due under the Conditional Sale Agreement or under the Participation Agreement to the persons entitled thereto, and that no Event of Default has occurred and is continuing hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor after deduction from such excess of the reasonable expenses of the Lessee incident to such sale.



(b) The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of each such Unit as is set forth in the following schedule opposite such date:

<u>Date</u>	<u>Percentage</u>
January 1, 1976 .....	102.983%
July 1, 1976 .....	104.035
January 1, 1977 .....	104.656
July 1, 1977 .....	105.139
January 1, 1978 .....	105.489
July 1, 1978 .....	105.726
January 1, 1979 .....	105.838
July 1, 1979 .....	100.355
January 1, 1980 .....	99.920
July 1, 1980 .....	99.272
January 1, 1981 .....	98.403
July 1, 1981 .....	90.921
January 1, 1982 .....	89.645
July 1, 1982 .....	88.179
January 1, 1983 .....	86.528
July 1, 1983 .....	78.292
January 1, 1984 .....	76.341
July 1, 1984 .....	74.303
January 1, 1985 .....	72.173
July 1, 1985 .....	69.947
January 1, 1986 .....	67.619
July 1, 1986 .....	65.184
January 1, 1987 .....	62.637
July 1, 1987 .....	59.970
January 1, 1988 .....	57.259
July 1, 1988 .....	54.496
January 1, 1989 .....	51.682
July 1, 1989 .....	48.813
January 1, 1990 .....	45.888
July 1, 1990 .....	42.901
January 1, 1991 .....	39.851
July 1, 1991 .....	36.734
January 1, 1992 .....	33.545
July 1, 1992 .....	30.282
January 1, 1993 .....	26.941
July 1, 1993 .....	23.516
January 1, 1994 (and thereafter) .....	20.000

(c) The Casualty Values set forth in clause (b) above are subject to adjustment pursuant to Section 18 hereof; *provided, however*, that no such adjustment shall reduce the Casualty Values below that which is necessary to satisfy the obligations of the Lessor which may from time to time be due under the Conditional Sale Agreement, the Trust Indenture (including the Certificates of Interest issued thereunder), the Trust Agreement or the Lease Assignment.

(d) Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

(e) The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained, with insurers of recognized responsibility, property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or operated by it. All policies of public liability insurance required to be maintained by Lessee hereunder shall name the Lessor, the Indenture Trustee, the Lenders and the Owner Participants as additional insureds. On each January 1, April 1, July 1 and October 1 occurring on and after April 1, 1976 and for so long as any Certificates of Interest remain outstanding, the Lessee will deliver to the Indenture Trustee and to each Lender a certificate, signed by the President or any Vice President and the Secretary or any Assistant Secretary of the Lessee, dated such date of delivery, which certificate shall (i) set forth the insurance policies then maintained by the Lessee, listing the insurance carriers, policy numbers, amounts of coverage, deductible amounts and types of risks insured against, (ii) certify that such insurance remains in full force and effect on and as of such date, and (iii) certify that such insurance complies with the requirements of this clause (e). If the Lessor shall receive any insurance proceeds or condemnation payments and the Lessee shall have made payments pursuant to this Section 7 and shall have made all payments then due under the Conditional Sale Agreement and the Participation Agreement, without deduction for such insurance proceeds or such condemnation payments, the Lessor shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor after payment by the Lessor of the Lessee's reasonable expenses in connection therewith. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired. The Lessee will advise the Lessor and the Indenture Trustee in writing promptly of any default in the payment of any premium and of any other act or omission on the part of the Lessee which might invalidate or render unenforceable, in whole or in part, any insurance carried or maintained pursuant to this clause (e). The Lessee will also advise the Lessor and the Indenture Trustee in writing at least ten days prior to the expiration or termination of any such insurance.

**SECTION 8. Reports.** (a) On or before March 31 in each year commencing with the calendar year 1977, the Lessee will furnish to the Lessor and the Indenture Trustee an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Conditional Sale Agreement and the Trust Indenture, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Indenture Trustee may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 5 hereof and the Conditional Sale Agreement and the Trust Indenture have been preserved or replaced. The Lessor, the Indenture Trustee and the Owner Participants shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

(b) The Lessee agrees to furnish the Lessor, the Indenture Trustee, the Owner Participants and the Long Term Lenders (i) as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Lessee, and in any event within 60 days thereafter, copies of the consolidated and consolidating balance sheet of the Lessee and its consolidated subsidiaries as of the end of each such

quarter and consolidated and consolidating statements of income and of surplus of Lessee and its consolidated subsidiaries for each such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, setting forth in each case in comparative form, the figures for the corresponding periods in the previous fiscal year, all in reasonable detail and certified as complete and correct, subject to changes resulting from year-end adjustments, by a principal financial officer of the Lessee; (ii) as soon as practicable after the end of each fiscal year of the Lessee, and in any event within 120 days thereafter, copies of the consolidated and consolidating balance sheet of the Lessee and its consolidated subsidiaries at the end of such year, and consolidated and consolidating statements of income and of surplus of the Lessee and its consolidated subsidiaries for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion thereon of independent certified public accountants of recognized national standing selected by the Lessee which opinion shall state that such consolidated financial statements have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances; (iii) promptly upon their becoming available, copies of periodic reports and any prospectus filed by the Lessee or any subsidiary of the Lessee with any securities exchange or with the Securities Exchange Commission or any successor agency; (iv) immediately upon becoming aware of the existence of any condition or event which constitutes an Event of Default under this Lease, an event of default under the Conditional Sale Agreement, a default by the Lessee under the Consent, or an Event of Default under the Trust Indenture, a written notice which specifies the nature of the claimed Event of Default, event of default, or default and what action the Lessee is taking or proposes to take with respect thereto; (v) immediately upon becoming aware that any holder of interest in the aggregate Conditional Sale Indebtedness then outstanding has given notice or taken any action in respect to a claimed Event of Default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed Event of Default or event of default and what action the Lessee is taking or proposes to take with respect thereto; and (vi) with reasonable promptness, such other data as from time to time may be reasonably requested.

(c) Each set of financial statements delivered pursuant to this Section 8 will be accompanied by a certificate of the President or Vice President and Treasurer or an Assistant Treasurer of the Lessee setting forth that the signers have reviewed the relevant terms of this Lease, the Conditional Sale Agreement, the Trust Indenture, Contractors' Assignment, the Lease Assignment and the Consent and have made, or caused to be made, under their supervision a review of the transactions or conditions of the Lessee and its subsidiaries from the beginning of the accounting period covered by the income statements being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default under this Lease, an event of default under the Conditional Sale Agreement, a default under the Consent, the Contractors' Assignment or the Lease Assignment, or an Event of Default under the Trust Indenture, or if any such condition or event existed or exists, or if an event has occurred which, with the giving of notice or the passage of time or both, would constitute such an Event of Default hereunder or an event of default under the Conditional Sale Agreement, a default under the Consent, the Contractors' Assignment or the Lease Assignment, or an Event of Default under the Trust Indenture, specifying the nature and period of existence thereof and what action the Lessee has taken or proposes to take with respect thereto.

(d) The Lessee will permit the Lessor, the Owner Participants, the Indenture Trustee or any representatives of the holders of the Certificates of Interest then outstanding (at its or their expense) to examine all books and accounts, records and reports and other papers of the Lessee or any subsidiary, to make copies and extracts therefrom and to discuss its affairs, finances and accounts with its

officers, employees and independent public accountants (and by this provision the Lessee authorizes its accountants to so discuss its affairs) all at such reasonable times and as often as may be reasonably requested.

SECTION 9. *Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification.* (a) THE LESSOR, THE INDENTURE TRUSTEE, EACH OWNER PARTICIPANT AND EACH LENDER MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP, IN THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR, THE INDENTURE TRUSTEE, EACH OWNER PARTICIPANT AND EACH LENDER MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor, the Indenture Trustee, each Owner Participant and each Lender, and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Contractors under the provisions of Items 3 and 4 of Annex A to the Conditional Sale Agreement, *provided* that such assertion or enforcement shall not affect the Lessee's obligations under Section 1 hereof. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor, the Indenture Trustee, each Owner Participant and each Lender, that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor, the Indenture Trustee, any Owner Participant or any Lender based on any of the foregoing matters.

(b) The Lessee agrees, for the benefit of the Lessor, the Lenders, the Owner Participants and the Indenture Trustee, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; *provided, however*, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, the Owner Participants and the Indenture Trustee, adversely affect the property or rights of the Lessor, the Lenders, or the Owner Participants, or of the Indenture Trustee under this Lease, under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Contractors' Assignment or the Consent.

(c) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered betterments thereto as hereinbelow provided) which is subject to this Lease in good order and repair, reasonable wear and tear excepted, and will also maintain each Unit in accordance with the standards, from time to time in effect, under the Interchange Rules of the Association of American Railroads, if applicable.

(d) The Lessee agrees forthwith to indemnify, protect and hold harmless the Lessor, the Owner Participants, the Indenture Trustee, the Lenders, and the Trust Estate from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against either of them because of the use in or about the construction or operation of any of the Units of any article or material specified by the Lessee and not

manufactured by the Contractors or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Contractors which infringes or is claimed to infringe on any patent or other right.

(e) The Lessee agrees forthwith to indemnify, protect and hold harmless the Lessor, the Lenders, the Owner Participants and the Indenture Trustee, the Estate and the Trust Estate from and against all losses, damages, injuries, liabilities, claims, actions, suits, disbursements and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default or an Event of Default under, or the interference with the due payment or provision for payment of any amount payable to any person indemnified hereunder pursuant to any provision of the Conditional Sale Agreement, the Participation Agreement, the Trust Agreement, the Trust Indenture, the Contractors' Assignment, the Lease Assignment or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 14 of this Lease. The indemnities arising under this paragraph and the next preceding paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

(f) Notwithstanding any other provision hereof or of the Consent or of the Participation Agreement (except for Paragraph 11 thereof) or of the Conditional Sale Agreement, if any lien, encumbrance or charge of any kind (including any obligation to withhold at the source) based on any claim of any kind (including, without limitation, any claim against any person for income, franchise, gross receipts or other taxes whether federal, state or otherwise), with the single exception of the liens, encumbrances and charges which an Owner Participant is then obligated to discharge pursuant to Paragraph 11 of the Participation Agreement, shall be asserted or filed against the Trust Estate (as defined in the Trust Indenture) or any portion thereof or of any amount payable by Lessee under or pursuant to this Lease or the Consent or the Conditional Sale Agreement or the Participation Agreement, or if any order (whether or not valid) of any court shall be entered with respect to any such amount by virtue of any such claim of any kind against any person, in either case so as to

(i) interfere with or delay the due payment of, or diminish the payment of, such amount to the Indenture Trustee, or the due application of such amount by the Indenture Trustee upon the Certificates of Interest pursuant to any provision of the Trust Indenture, or

(ii) result in the refusal of the Indenture Trustee to receive such payment or to make such application because of its good faith determination that liability might be incurred if such payment were to be received or such application were to be made, or

(iii) subject any Lender (as defined in the Trust Indenture) or any holder of the Certificates of Interest to any obligation to refund any moneys received by it,

then (A) upon receipt of notice of such claim from the Indenture Trustee or any Lender, Lessee will promptly use its best efforts to take such action (including, but not limited to, the payment of additional sums of money) as may be necessary to prevent, or to nullify the cause or result of, such interference, such delay, such diminution, such refusal or such obligation, as the case may be, and (B) if such efforts have not within 5 days after receipt of such notice prevented, or nullified the cause or result of, such interference, such delay, such diminution, such refusal or such obligation, as the case may be, Lessee will (1) pay directly to the Indenture Trustee or the Lenders a sum of money (in addition to all other amounts payable by Lessee under or pursuant to this Lease or the Consent or the Conditional Sale Agreement or the Participation Agreement) equal to the amount the payment of which to the Indenture Trustee or the due application of which by the Indenture Trustee shall have been interfered with, delayed or diminished, (2) indemnify and hold harmless

the Indenture Trustee from and against any and all liability which may arise from receiving or applying such amount pursuant to the provisions of the Trust Indenture, and (3) indemnify and hold harmless the Lenders and the holders of the Certificates of Interest, to their respective satisfaction, from and against any obligation to refund, or any loss in refunding, any moneys received by them.

(g) To the extent that Lessee may acquire any indebtedness of the Owner Trustee or any Owner Participant or any claim against the Owner Trustee or any Owner Participant, by way of subrogation or otherwise, as a result of the performance by Lessee of any action (including the payment of money) pursuant to subparagraph (f) above, Lessee may elect, by notice to the Owner Trustee, each Owner Participant and the Indenture Trustee, to treat the amount of such indebtedness and claims as unsecured loans or advances to the Owner Trustee or such Owner Participant, but notwithstanding the foregoing all such indebtedness and claims are hereby subordinated and made fully subject in right of payment to the prior payment in full of the Certificates of Interest and of all other sums payable pursuant to the Trust Indenture.

(h) The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Indenture Trustee of the Units or the leasing thereof to the Lessee; *provided, however*, that the Lessor shall, to the extent appropriate, join in and execute such reports.

SECTION 10. *Default.* (a) If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any part of the rental or any other amounts payable as provided in Section 3, 6, 7, 9 or 13 hereof, and such default shall continue unremedied for 5 business days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained in this Lease or in the Consent, the Conditional Sale Agreement or the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Indenture Trustee to the Lessee specifying the default and demanding that the same be remedied;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the Consent, the Conditional Sale Agreement or the Participation Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder or under the Consent, the Conditional Sale Agreement or the Participation Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, and under the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. any representation or warranty made by the Lessee in Section 19 hereof or in the Participation Agreement or in the Consent or in any certificate or other document delivered by the Lessee pursuant to this Lease, the Participation Agreement or the Consent shall prove to be incorrect, in any material respect, as of the time when the same was made; or

F. default shall be made in the payment, when due, on any Certificate of Interest issued to an Interim Lender;

then, in any such case, the Lessor, at its option, may declare this Lease to be in default by notice to the Lessee, and may:

(i) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease, *provided*, that no such action shall be commenced or prosecuted so long as any Conditional Sale Indebtedness is outstanding under the Trust Indenture without the prior written consent of the Indenture Trustee, which consent shall not be unreasonably withheld; or

(ii) by notice in writing to the Lessee, terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thereafter hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice of termination: (x) a sum equal to (A) the excess, if any, of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Units which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Units over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for such Units during such period, such present value to be computed in each case on the basis of a 9% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) an amount which, after deduction of all taxes required to be paid by the Owner Participants in respect of all amounts payable by the Lessee to the Lessor hereunder under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Owner Participants, be equal to all or such portion of the Investment Credit (as defined in Section 18 hereof) lost, not claimed, not available for claim, disallowed or recaptured by or from the Owner Participants as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 18 or any other provision of this Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default, plus such sum as shall, in the reasonable opinion of the Owner Participants, cause the Owner Participants net

return under this Lease to be equal to the net return that would have been available to the Owner Participants if they had been entitled to utilization of all or such portion of the ADR Deduction and the Interest Deduction (as such deductions are defined in Section 18 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 18 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default plus such sum as will pay or reimburse the Owner Participants for any interest, penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture; or (y) an amount equal to the sum of: (A) the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination specified for payment in such notice of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time, plus (B) the aggregate, if any, of all rental payments due on and prior to such rental payment date which is then unpaid; *provided, however*, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the sum of (1) the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination specified for payment in such notice of termination, over the net proceeds of such sale, plus (2) the aggregate, if any, of all rental payments due on and prior to such rental payment date which is then unpaid.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

(b) The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

(c) The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

**SECTION 11. *Return of Units Upon Default.*** (a) If this Lease shall terminate pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this Section 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall include all betterments thereto (except as otherwise expressly provided herein) and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:



(x) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been so interchanged) and at the usual speed, place such Units upon such storage tracks or cause such Units to be transported to such point or points as the Lessor reasonably may designate; and

(y) permit the Lessor to store such Units on such tracks or premises until such Units have been sold, leased or otherwise disposed of by the Lessor.

If this Lease shall be terminated by the Indenture Trustee pursuant to Article 16 of the Conditional Sale Agreement or pursuant to the exercise of its rights and remedies under the Lease Assignment or the Trust Indenture the Lessee shall, at its own cost, expense and risk, comply with all the provisions of Article 17 of the Conditional Sale Agreement relating to the obligations of the Lessor with respect to the assembling, storage, transportation and inspection of the Units.

(b) The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. In the event that the Units or any thereof are sold pursuant to the exercise of the Indenture Trustee's remedies under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Contractors' Assignment or the Consent, the Lessee shall pay to the Indenture Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

(c) The Lessee hereby expressly waives any and all claims against the Lessor and the Indenture Trustee and their agent or agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner.

(d) Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

**SECTION 12. Assignment; Benefits; Possession and Use.** (a) Subject to the provisions of the Trust Indenture and the Lease Assignment, this Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under Sections 6, 7, 9, 10, 11 and 18 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner Participants, the Lenders and the Lessor's assigns (including the Indenture Trustee).

(b) The Lessee, at its own expense, will promptly pay or discharge, to the extent legally enforceable, any and all sums claimed by, or liabilities in favor of, any party which, if unpaid, might diminish the amount of rent payable under Section 3 hereof or become a lien, charge, security interest or other encumbrance (including an encumbrance created by the Lessor or the Indenture Trustee or resulting from claims against the Lessor or the Indenture Trustee not related to the ownership of the Units which the Indenture Trustee shall have failed to satisfy promptly) upon or with respect to any Unit or any other part of the Trust Estate, including any betterment thereto, or the interests of the Lessor, the Owner Participants, the Lenders, the Indenture Trustee or the Lessee therein, and

will promptly (and in any event within 10 days after notice) discharge any such lien, claim, security interest or encumbrance which arises or nullify its effect; *provided, however*, that the Lessee shall not be required to discharge any such existing lien, charge, security interest or other encumbrance which attaches solely to the leasehold interest of the Lessee under this Lease in and to the Equipment. The Lessee shall not, without the prior written consent of the Lessor, the Indenture Trustee and the Owner Participants, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

(c) So long as the Lessee shall not be in default under this Lease or under the Consent, and no event of default shall have occurred and be continuing under the Conditional Sale Agreement or under the Trust Indenture, and the Lessee shall have fully complied with the provisions of this Section 12, the Lessee and any of its affiliates shall be entitled to the possession and use of the Units in accordance with the terms hereof, and the Lessee may also (a) furnish any Unit or Units to railroad companies for use upon the lines of railroads owned or operated by them or over which they have trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to others than railroad companies, or (b) sublease any Unit or Units to any person or entity, but only, in either case, upon and subject to all the terms and conditions of this Lease and the Conditional Sale Agreement, the Trust Indenture and the Consent, and to all rights of the Indenture Trustee under the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment and the Consent and of the Lessor hereunder.

(d) Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled (subject to the rights of the Indenture Trustee and the Lessor referred to in clause (c) above) to the possession of the Units included in such sublease and the use thereof, and, subject to the provisions of Section 5, may provide for lettering or marking upon such Units for convenience of identification of the leasehold interest of such sublessee therein. Every such sublease shall be subject and subordinate to the rights of the Indenture Trustee under the Conditional Sale Agreement, the Lease Assignment, the Trust Indenture and the Consent (or to the interest of the Lessor if the Conditional Sale Agreement, the Lease Assignment, the Trust Indenture and the Consent have been fully satisfied), to the continued existence of this Lease, and to the rights of the Lessor under this Lease in respect of the Units covered by such sublease and the Lessee hereby agrees to transfer and assign to the Indenture Trustee (so long as any Certificates of Interest shall remain outstanding) and the Lessor all amounts due and payable under any such sublease. It is understood and agreed that the Lessee will act as the agent of the Indenture Trustee to collect and receive all payments due and to become due under the subleases in respect of the Units, provided that if an Event of Default under this Lease shall occur and be continuing, the Indenture Trustee may terminate such agency and such agency shall terminate immediately upon notice of such termination from the Indenture Trustee to the Lessee and provided further that prior to receipt of such notice the Lessee may make such use of any moneys received pursuant to its agency as it would otherwise be entitled to except for the assignment of such moneys under the subleases.

(e) The Lessor shall have the right to declare the Lease provided for herein terminated in case of any unauthorized assignment or transfer of the Lessee's rights hereunder or in case of any unauthorized transfer or sublease of any of the Units.

(f) The Lessee agrees not to use or permit the use at any one time of Units having an aggregate Purchase Price in excess of 10% of the aggregate Purchase Price of all the then existing Units in any jurisdiction in which the security title of the Indenture Trustee or the title of the Lessor has not been effectively protected.

(g) Nothing in this Section 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of

Columbia (which shall have duly assumed the obligations of the Lessee hereunder, under the Consent and under the Conditional Sale Agreement) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Lease.

**SECTION 13. *Renewal Options.*** (a) Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original term of this Lease, elect to extend the term of this Lease in respect of:

(i) All but not fewer than all of the Units designated as "Hopper Cars" or "Bulkhead Flat Cars" in Schedule A hereto then covered by this Lease, for one additional seven-year period, commencing on the scheduled expiration of the original term of this Lease, provided that such extended term shall not extend beyond January 1, 2001. The rental payments for such extended term shall be in an amount equal to 2.04% of the Purchase Price of each such Unit for each such semiannual rental payment. Such semiannual renewal rentals shall be payable in advance on January 1 and July 1 of each year of the renewal term (to and including July 1, 2000); and/or

(ii) All but not fewer than all of the Units designated as "Tank Cars" in Schedule A hereto then covered by this Lease, for one additional seven-year period, and one additional five year period after the expiration of such additional seven-year period, commencing on the scheduled expiration of the original term of this Lease, provided that no such extended term extends beyond January 1, 2006. The rental payments for such extended terms shall be in an amount equal to (i) 1.67% of the Purchase Price of each such Unit for each such semiannual rental payment prior to January 1, 2001, and thereafter (ii) 1.25% of the Purchase Price of each such Unit for each such semiannual rental payment. Such semiannual renewal rentals shall be payable in advance on January 1, and July 1 of each year of each renewal term (to and including July 1, 2000 in the case of the seven-year renewal term and to and including July 1, 2005 in the case of the five-year renewal term). Lessee agrees that if in seeking to obtain the Ruling (as hereinafter defined) the representative of the parties hereto determines that one of the reasons for refusal by the Internal Revenue Service to grant the Ruling is because of the option to renew for five years and so notifies the Lessor in writing, Lessee shall, at the request of Lessor, amend this Lease to remove said option.

(b) Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the term of this Lease as extended pursuant to the provisions of clause (a) above or this clause (b), as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all the Tank Car Units or all the Flat Car Units or all the Hopper Car Units, or all the Units of all types, then covered by this Lease as so extended for an additional one-year period commencing on the scheduled expiration of such extended term, at a rental equal to the Fair Rental Value (as hereinafter defined) of such Units, payable semiannually in advance on January 1 and July 1 in such extended one-year term.

(c) "Fair Rental Value" shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the term if this Lease or any extended term hereof, as the case may be, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the relevant Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean such independent appraiser as the Lessor may select with the approval

of the Lessee, or failing such approved selection, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. If no such third appraiser is appointed within 25 business days after the selection of the two appraisers, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

SECTION 14. *Return of Units upon Expiration of Term.* As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of any such Unit to the Lessor upon such storage tracks as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding four months and transport the same, at any time within such four-month period, to any reasonable place on the lines of any railroad within the United States at an expense not greater than the cost to return to Chicago for shipment, all as directed by the Lessor; the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; *provided, however*, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall include all betterments thereto (except as otherwise expressly provided herein), and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable.

SECTION 15. *Recording.* The Lessee, at its own expense will cause this Lease, the Conditional Sale Agreement, the Consent, the Trust Indenture, the Lease Assignment and the Contractors' Assignment and any supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the Conditional Sale Agreement, the Trust Indenture and the Lease Assignment and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments (including financing statements and continuation statements under the Uniform Commercial Code) required by law or reasonably requested by the Lessor, the Lenders or the Indenture Trustee for the purpose of proper protection, to their satisfaction, of the Indenture Trustee's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Conditional Sale Agreement, the Lease Assignment, the Trust Indenture, the Trust Agreement, the Participation Agreement, the Consent and the Contractors' Assignment, and the Lessee will promptly furnish to the Indenture Trustee and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Indenture Trustee and the Lessor, *provided, however*, that the Lessee shall not be required to take any such action referred to in this Section 15 (other than filing and recording under Section 20c of the Interstate Commerce Act and other than filing UCC financing statements

and continuation statements) if (1) Lessee deems such action unduly burdensome, and (2) after giving effect to the failure to take such action, all action required by law has been taken so as to protect the security title of the Indenture Trustee and the interest of the Lessor to Units having a Purchase Price of not less than 90% of the aggregate Purchase Price of all of the then existing Units. This Lease, the Conditional Sale Agreement, the Trust Indenture, the Lease Assignment, the Contractors' Assignment and the Consent and any amendments or supplements hereto or thereto shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

**SECTION 16. *Interest on Overdue Rentals.*** Anything to the contrary herein contained notwithstanding, any non-payment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, **an amount equal** to interest at the rate of 12% per annum, upon the overdue rentals and other obligations for the period of time which they are overdue or such lesser amount as may be legally enforceable.

**SECTION 17. *Notices.*** Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first-class certified, addressed as follows:

- (a) if to the Lessor, at 130 South La Salle Street, Chicago, Illinois 60690, Attention: Trust Department;
- (b) if to the Indenture Trustee or to any Lender, at its address provided for in Section 9.05 of the Trust Indenture; and
- (c) if to the Lessee, at 222 South Riverside Plaza, Chicago, Illinois 60606, Attention: Vice President-Finance;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee regarding the Lessee's failure to perform any obligation hereunder shall also be furnished to the Indenture Trustee.

**SECTION 18. (a) *Federal Income Taxes.*** (i) It is the intent of the parties to this Lease that it will be a true lease for all federal income tax purposes, and that this Lease conveys to Lessee no right, title or interest in the Units except as a lessee and that for federal income tax purposes, each of the Owner Participants shall be entitled to a distributive share of such deductions, credits, and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the "Code"), to an owner of property used in such owner's trade or business, including, without limitation, (1) the maximum depreciation deductions with respect to the Units authorized under section 167 of the Code, utilizing the "asset depreciation range" of twelve years for the Units prescribed in accordance with section 167(m) of the Code, for an asset described in Asset Guideline Class No. 00.25 as described in Revenue Procedure 72-10, employing the double-declining balance method of depreciation and switching to the sum-of-the-years-digits method of depreciation when most beneficial to the Owner Participants, utilizing the half-year convention as provided in Regulation 1.167(a)11(c)(2)(iii), utilizing an initial aggregate basis in the Units equal to the full Purchase Price thereof, utilizing a zero salvage value, and including in the basis of each Owner Participant's interest in the Trust (as hereinafter defined) such Owner Participant's pro rata share of the Conditional Sale Indebtedness (such deductions being herein called the ADR Deduction), (2) deductions with respect to interest payable on the Conditional Sale Indebtedness, including in the basis of each Owner Participant's interest in the Trust such Owner Participant's pro rata share of the Conditional Sale Indebtedness (such deductions being herein called the "Interest Deduction") and (3) the investment credit under section 38 and related sections of the Code equal to 10% of the aggregate Purchase Price attributable to the Units (herein called the "Investment Credit").

(ii) The Lessee represents and warrants that (1) all the Units constitute property the full Purchase Price of which qualifies for the Investment Credit; (2) at the time the Lessor acquires title

to each of the Units, each such Unit will constitute "new section 38 property" within the meaning of section 48(b) of the Code and at the time the Lessor acquires title to each of the Units, each such Unit will not have been used by any person so as to preclude "the original use of such property" within the meaning of sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (3) at all times during the term of this Lease, each Unit will constitute "section 38 property" within the meaning of section 48(a) of the Code; (4) the Lessee will maintain sufficient records to verify such use; and (5) upon request of the Lessor or any Owner Participant, the Lessee will provide written reports establishing such use.

(iii) The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing clauses (i) and (ii) of this Section 18(a) and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Owner Participants such records as will enable the Owner Participants to determine the extent to which they are entitled to the benefit of the Investment Credit, the ADR Deduction and the Interest Deduction with respect to the Units.

(iv) The Lessor and Lessee will apply for and diligently seek a ruling (herein called the "Ruling") acceptable to the Owner Participants from the Internal Revenue Service to the effect that: (1) the trust under the Trust Agreement (the "Trust") constitutes a partnership of which the Owner Participants are the partners, and each Owner Participant, as a partner of such partnership, will be entitled in computing its taxable income to take into account its distributive share of each item of income, gain, loss, credit or deduction of the Trust in accordance with sections 702 and 704 of the Code; (2) this Lease is a true lease under which the Trust will be treated as the purchaser, original user, owner and lessor of the Units and Lessee will be treated as lessee; (3) the Trust and the Owner Participants as partners in the Trust shall be entitled to the Interest Deduction, the Investment Credit and the ADR Deduction (without taking into account in the definition of ADR Deduction, the anticipated salvage value); and (4) the Lessee will be entitled to deduct the rental payments made under the Lease in accordance with section 162(a) (3) of the Code, provided that the application shall contain a request for a ruling as to whether any portion of the rental payments made under the Lease is prepaid rent, and Lessee agrees to comply with such ruling in making its deductions for rental payments. The Lessee will furnish such documents, records and representations, including, but not limited to, evidence of the useful life and residual value of the Units sufficient to support the matters covered in the application for such Ruling.

(v) If for any reason (other than for the reasons set forth in clauses (1) through (7) below) any Owner Participant shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture (any such event being hereinafter called a "Loss"), all or any portion of its distributive share of the Investment Credit, the ADR Deduction, or the Interest Deduction, then the remaining rentals for the Units set forth in Section 3 hereof shall, commencing on the next succeeding rental payment date after written notice to the Lessee by such Owner Participant of payment by such Owner Participant of the tax and interest and/or penalties and/or additions to tax attributable to such Loss, be increased (~~any such increase to be paid directly to such Owner Participant~~) to such amount or amounts as shall, in the reasonable opinion of such Owner Participant, after deduction of all fees, taxes and/or other charges required to be paid by the Lessor and/or such Owner Participant in respect of the receipt of all amounts payable by the Lessee to such Owner Participant under this Section 18 under the laws of any Federal, state, city or local government or taxing authority in the United States, or under the laws of any foreign country or any subdivision or taxing authority thereof (hereinafter called "fees, taxes and/or other charges") cause such Owner Participant's net after-tax return and earnings (the computation of any Owner Participant's net after-tax return and earnings wherever required in this Lease shall be computed in

a manner consistent with such Owner Participant's analysis at the inception of the Lease) to equal the net after-tax return and earnings that would have been realized by such Owner Participant if such Owner Participant had been entitled to utilize all of its distributive share of the Investment Credit, the ADR Deduction and the Interest Deduction, or, if such written notice is given by such Owner Participant to the Lessee after the final rental payment date hereunder, within 30 days after such notice the Lessee shall pay ~~to such Owner Participant~~ as increased rentals such amount as shall, in the reasonable opinion of such Owner Participant, after deduction of all fees, taxes and/or other charges, when added to the rental payments made pursuant to this Lease, cause such Owner Participant's net after-tax return and earnings to equal the net after-tax return and earnings that would have been realized by such Owner Participant if such Owner Participant had been entitled to utilize all of its distributive share of the Investment Credit, the ADR Deduction and the Interest Deduction; and, in addition to the foregoing, the Lessee shall forthwith pay to such Owner Participant the amount which, after the deduction of all fees, taxes and/or other charges, equals the amount of any interest and/or penalties and/or additions to tax (including any additions to tax because of underpayment of estimated tax) which may be assessed by the United States of America against such Owner Participant attributable to the Loss of all of such portion of the Investment Credit or the ADR Deduction or the Interest Deduction; *provided, however*, that such rentals shall not be so increased if the Loss to such Owner Participant of the Investment Credit or the ADR Deduction with respect to all or part of such Unit or the Interest Deduction is solely as a direct result of the occurrence of any of the following events:

(1) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Section 7 hereof;

(2) a transfer or other disposition by the Lessor (except to a successor trustee pursuant to the provisions of the Trust Agreement) or such Owner Participant (other than a Casualty Occurrence) of any interest in such Unit or the reduction by the Lessor or such Owner Participant of its interest in the rentals from such Unit under the Lease, unless, in each case, an Event of Default shall have occurred and be continuing; *provided, however*, that the execution and delivery of this Lease and the other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms hereof and thereof shall not be deemed to be a transfer or disposition under this clause (2);

(3) the failure of such Owner Participant to claim in a timely manner its distributive share of the Investment Credit, the ADR Deduction or the Interest Deduction;

(4) the failure of such Owner Participant to have sufficient liability for Federal income tax against which to credit such Investment Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction; as applicable;

(5) the failure of such Owner Participant to follow the procedure set forth herein in contesting a claim made by the Internal Revenue Service with respect to the disallowance of such Investment Credit, ADR Deduction or Interest Deduction; or the release, waiver, compromise or settlement of such claim by such Owner Participant without the prior written consent of the Lessee;

(6) any amendment of the Conditional Sale Agreement by Lessor (other than an amendment after an Event of Default shall have occurred and be continuing) without the prior written consent of the Lessee (which consent will not be unreasonably withheld or delayed); or

(7) any amendment to, or change in the Code occurring and effective after August 31, 1976; or

(8) the action of the Internal Revenue Service contrary to the conclusions set forth in the Ruling accepted by the Owner Participant in accordance with clause (iv) above and set forth and agreed to in any closing agreement with respect thereto, unless such action is taken by the Internal Revenue Service directly or indirectly as the result of (A) any representation, fact,

estimate, opinion or other statement made or stated by the Lessee or any officer, employee, agent or counsel thereof (including any such statement made jointly with the Owner Participant or any officer, employee, agent or counsel thereof) in connection with the obtaining of the Ruling proved to be, or in the opinion of the Internal Revenue Service proved to be, fraudulent, untrue, incorrect, inaccurate, misleading, unreasonable or insufficient in whole or in part, (B) the Lessee or any officer, employee, agent or counsel thereof failing to state any material fact in connection with the obtaining of the Ruling, or (C) Lessee taking or failing to take, or being deemed by the Internal Revenue Service to have taken, or to have failed to take, any action in respect of its income tax returns or otherwise which is, or in the opinion of the Internal Revenue Service is, inconsistent with or in contravention of any of the matters set forth in the Ruling or set forth and agreed to in any such closing agreement.

(vi) In the event a written claim shall be made by the Internal Revenue Service which, if successful would result in a Loss of Investment Credit or of the ADR Deduction or of the Interest Deduction under circumstances which would require the Lessee to pay increased rental and interest and/or penalty pursuant to this Section 18, such Owner Participant hereby agrees to notify the Lessee in writing thereof and to take such action in connection with contesting such claim as the Lessee shall reasonably request in writing from time to time, provided that (i) within 30 days after notice by such Owner Participant to the Lessee of such claim, the Lessee shall request that such claim be contested; (ii) the Lessee is not in default under any of its obligations under this Lease, including, but not limited to, any obligations under this Section 18; (iii) prior to taking such action, the Lessee shall have furnished the Lessor and such Owner Participant with an opinion of the independent tax counsel satisfactory to Lessor and such Owner Participant to the effect that a meritorious defense exists to such claim; (iv) such Owner Participant, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may at its sole option, either pay (in which event the additional rental provided for in this Section 18 will become due and payable) the tax and any interest and/or penalty claimed and sue for a refund in the appropriate United States District Court and/or the United States Court of Claims, as it shall elect, or contest such claim in the Tax Court of the United States; and (v) the Lessee shall have indemnified such Owner Participant in an amount, after deducting fees, taxes and/or other charges, which is satisfactory to such Owner Participant and in a manner satisfactory to such Owner Participant, including, but not limited to, reasonable security therefor, for any liability or loss which such Owner Participant may incur as the result of contesting such claim and shall have agreed to pay such Owner Participant on demand all costs and expenses which such Owner Participant may incur in connection with contesting such claim, including, without limitation, (a) reasonable attorneys', accountants' and investigatory fees and disbursements and (b) the amount of any interest, penalty and/or addition to tax which may ultimately be payable as the result of such claim.

(vii) If the extent of such Owner Participant's Loss of all or any part of its distributive share of the full Investment Credit or ADR Deduction with respect to any Unit or the Interest Deduction shall be established by the final judgment or decree of the court or administrative agency having jurisdiction thereof or by a settlement with the consent of the Lessee (any such settlement hereinafter called a "proper compromise"), or if such Owner Participant shall, without the written consent of the Lessee, release, waive, compromise or settle any claim with respect to such Loss which pursuant to this Section 18 it is obliged to contest (any such event hereinafter called an "improper compromise"), then on the next succeeding rental payment date (or, if there is no succeeding rental payment date, within 30 days) after such judgment or decree shall have become final, after such proper compromise or after such improper compromise, as the case may be, such Owner Participant shall pay to the Lessee all or a portion of the amount or amounts <sup>actually</sup> received by such Owner Participant and paid by the Lessee with respect to such Loss which such Owner Participant did not incur in the case of such a final judgment or decree or proper compromise, or the entire such amount paid by the Lessee and received by such Owner Participant in the case of an improper compromise, less, in either case, <sup>actually</sup> unpaid expenses of the contest. In addition to the foregoing, in the event of any judgment, decree,



proper compromise, or improper compromise described in the preceding sentence, the increase in the remaining rentals in respect of such Unit determined pursuant to this Section 18 by reason of such Loss shall, commencing on the next succeeding rental payment date after such judgment or decree shall have become final, after such proper compromise or after such improper compromise, as the case may be, be reduced, in the case of a judgment, decree or proper compromise, to the extent such increase related to the portion of such Loss of such Owner Participant which such Owner Participant did not incur, or eliminated, in the case of an improper compromise. The Lessee's obligation to pay any amounts of increased rental pursuant to this Section 18 is subject to the condition that before payment of any such amounts by the Lessee, the Owner Participant for the account of which such amounts will be paid shall agree to make the reimbursements provided by this clause (vii) of this Section 18. The amount of any payment under the first sentence of this clause (vii) and the amount of any rental adjustment under the second sentence of this clause (vii) shall be determined by such Owner Participant in its reasonable opinion. Notwithstanding any of the foregoing, no Owner Participant shall be required to make any payment to the Lessee or to make any adjustments to the rental rate of a Unit pursuant to this paragraph so long as any Event of Default shall have occurred and be continuing.

(b) *Rental Adjustment for Lessee's Capital Expenditures.* (i) In the event and to the extent that the cost of any betterments, improvement and/or additions (hereinafter called "Capital Expenditures") to a Unit made by the Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of any Owner Participant for Federal income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the remaining rentals for the Units set forth in Section 3 hereof shall, commencing on the next succeeding rental payment date after the date on which the Lessee is required to furnish written notice thereof to the Lessor and the Owner Participant pursuant to clause (iv) of this subsection (b) after said inclusion in said Owner Participant's gross income is required, be increased (any such increase to be paid directly to such Owner Participant) to such amount or amounts, or, if such notice is required to be furnished after the final rental payment date hereunder, within 30 days after such notice is required to be furnished the Lessee shall pay to the Lessor such amount, as shall, in the reasonable opinion of such Owner Participant, after taking into account any present or future tax benefits that such Owner Participant reasonably anticipates it will derive from its additional investment in the Units by reason of said inclusion (including without limitation any current deductions, future depreciation deductions and investment tax credit), and after deduction of all fees, taxes and/or other charges, cause such Owner Participant's net after-tax return and earnings to equal the net after-tax return and earnings that would have been realized by such Owner Participant if the cost of such Capital Expenditures had not been includible in gross income.

(ii) In determining the present or future tax benefits to be taken into account by an Owner Participant in establishing the rental increase or payment required hereby, an Owner Participant shall attempt to maximize such benefits and hence minimize the increase in rents or payment, as the case may be, by making such elections (including where advantageous the applicable asset guideline repair allowance and accelerated depreciation, if then permitted) and utilizing such conventions and accounting methods as will further such objectives; *provided, however*, that such Owner Participant shall not be required to make any election or utilize a particular convention or accounting method if such Owner Participant determines, in its sole discretion, that in so doing it will adversely affect its tax liability to any jurisdiction determined without regard to this transaction.

(iii) For purposes of this subsection the cost of Capital Expenditures made by the Lessee shall be deemed to be "required to be included in the gross income of any Owner Participant for Federal income tax purposes" if such inclusion is required by (i) any private ruling letter issued to such Owner Participant by the Internal Revenue Service that has not been revoked or otherwise rendered inapplicable at the time the cost of said Capital Expenditures is incurred; (ii) any provision of the Code or the applicable regulations thereunder; or (iii) any published revenue ruling of the Internal

Revenue Service which has not been held invalid by a court having ultimate appellate jurisdiction over the Federal income tax liability of such Owner Participant. If such inclusion is required by the private ruling letter referred to in clause (i) of the preceding sentence, then, as a condition of any increase in rentals or payment, as the case may be, pursuant to this subsection, the Owner Participant for the account of which the increased rent or payment shall be paid shall, upon the written request and at the sole expense of the Lessee seek a modification of such private ruling letter to eliminate the requirement that the cost of Capital Expenditures be included in the Owner Participant's gross income.

(iv) The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor or any Owner Participant give the Lessee written notice that such Owner Participant's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Capital Expenditures which are required to be included in the gross income of such Owner Participant for Federal income tax purposes prior to the time such Unit is disposed of in a taxable transaction, the Lessee will give written notice thereof to such Owner Participant describing such Capital Expenditures in reasonable detail and specifying the cost thereof with respect to each Unit.

(c) *Miscellaneous.* (i) For purposes of this Section 18, the terms "Owner Participants" and "Owner Participant" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which any Owner Participant is a member, for any year for which a consolidated Federal income tax return is filed for such affiliated group.

(ii) In the event that rental rates shall be adjusted as hereinabove provided in this Section 18, applicable Casualty Values set forth in Section 7 hereof shall be appropriately adjusted (but in no event shall they be reduced below the corresponding Casualty Values as defined in the Conditional Sale Agreement). The Lessee's and the Lessor's agreements to pay any sums which may become payable pursuant to this Section 18 shall survive the expiration or other termination of this Lease.

**SECTION 19. *Representations and Warranties.*** The Lessee represents and warrants as follows:

(A) the Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is either qualified to do business in such other jurisdictions in which the business and activities of the Lessee require such qualification, or the Lessee agrees to qualify to do business in such other jurisdictions where it may subsequently be required to do so;

(B) the Lessee has full power, authority and legal right to carry on its business as now conducted and is duly authorized and empowered to execute and deliver the Consent, the Participation Agreement, the Conditional Sale Agreement and this Lease;

(C) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee) pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity, or before any commission or other administrative agency, which would materially and adversely affect the condition, financial or otherwise, of the Lessee; and the Lessee (to its knowledge) is not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality;

(D) the Lessee is not a party to any agreement or instrument or subject to any charter or other corporate restriction materially and adversely affecting the business of the Lessee, or the operations, property or assets or condition, financial or otherwise, of the Lessee;

(E) the Lessee is not presently in default under any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it may be bound and neither the execution and delivery of this Lease, the Consent, the Participation Agree-

ment, the Conditional Sale Agreement nor the consummation of the transactions herein and therein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality, or of the corporate charter (as amended) or the by-laws (as amended) of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee pursuant to the terms of any such agreement or instrument;

(F) no mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interest therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the Indenture Trustee's or the Lessor's right, title and interest therein; *provided, however*, that such liens may attach to the leasehold interest of the Lessee hereunder in and to the Units if they shall be subordinated in rank to the lien and interest of the Indenture Trustee pursuant to the Trust Indenture and the Consent;

(G) neither the execution and delivery by the Lessee of this Lease, the Participation Agreement, the Conditional Sale Agreement and the Consent nor the consummation of any of the transactions by the Lessee contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of, the Interstate Commerce Commission or any other Federal, state or foreign governmental authority or agency, except the filing and recording of such documents with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act;

(H) the Consent, the Participation Agreement, the Conditional Sale Agreement and this Lease have been duly authorized, executed and delivered by the Lessee and, assuming due authorization, execution and delivery thereof by the other parties thereto, the Consent, the Participation Agreement, the Conditional Sale Agreement, this Lease and the assignment of the Lease to the Indenture Trustee constitute legal, valid and binding agreements of the Lessee, enforceable in accordance with their respective terms, subject in the case of the enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;

(I) the Conditional Sale Agreement (and any assignment thereof), the Trust Indenture, the Consent and this Lease (and any assignment hereof) have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and such filing and recordation will protect the Indenture Trustee's and the Lessor's interest in and to the Units and no filing, recording or deposit (or giving of notice) with any other Federal, state or local government or agency thereof is necessary in order to protect the interests of the Indenture Trustee or the Lessor in and to the Units in the United States of America;

(J) no material adverse change has occurred in the condition, financial or otherwise, of the Lessee since December 31, 1974;

(K) the Lessee or its parent, Tiger International, Inc., on its behalf, has filed all Federal, state and local tax returns which (to its knowledge) are required to be filed, and has paid, or made provisions for the payment of, all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than taxes which are being contested in good faith and except for returns for which extension of time have been granted by appropriate authorities and which in the aggregate do not involve material amounts;

(L) the "net earnings available for fixed charges" of the Lessee (as the terms "net earnings available for fixed charges" and "fixed charges" are defined in subdivision 2 of section 81 of the New York Insurance Law) for the period of five fiscal years next preceding the date of this Lease have averaged per year not less than one and one-half times the average annual fixed charges of the Lessee applicable to such period and, during one of the last two years of such period, have been not less than one and one-half times the fixed charges of the Lessee for such year, either on a consolidated or nonconsolidated basis; and

(M) the Lessee is not a "common carrier", nor is it affiliated with or controlled by a "common carrier", within the meaning of the Interstate Commerce Act, as amended.

SECTION 20. *Immunities; No Recourse.* It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, covenants, undertakings and agreements by Exchange National Bank of Chicago or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said bank solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of negligence or wilful misconduct or as otherwise specified in the Trust Agreement or in the Trust Indenture, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Owner Participants or on account of any representation, covenant, undertaking or agreement of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee. No recourse shall be had in respect of any obligation due under the Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Owner Participants, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such being forever released as a condition of and as consideration for the execution of this Lease.

SECTION 21. *Estoppel Certificates.* Lessee will from time to time deliver to Lessor and the Indenture Trustee promptly upon request, (a) a statement, executed by the President or any Vice President of Lessee, certifying the dates to which the rentals and other sums payable hereunder have been paid, that this Lease is unmodified and in full effect (or, if there have been modifications, that this Lease is in full effect as modified, and identifying such modifications) and that no Event of Default has occurred and is continuing (or, if any Event of Default has occurred and is continuing, specifying the nature and period of existence thereof and what action Lessee is taking or proposes to take with respect thereto), and (b) such information with respect to the Units or any thereof as from time to time may reasonably be requested, it being intended that any such statement delivered pursuant to this Section 21 may be relied upon by any holder of the Certificates of Interest and any prospective purchaser of any Unit.

SECTION 22. *Severability; Effect and Modification of Lease.* (a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(b) This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions

or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

SECTION 23. *Execution.* The Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Indenture Trustee shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 24. *Law Governing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; *provided, however,* that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing of the Conditional Sale Agreement, the Participation Agreement, this Lease and the Lease Assignment as shall be conferred by the laws of the several jurisdictions in which the Conditional Sale Agreement, the Participation Agreement, this Lease or the Lease Assignment shall be filed, recorded or deposited, or in which any Units shall be located, and any rights arising out of the marking on the Units.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

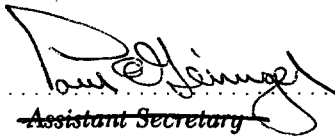
EXCHANGE NATIONAL BANK OF CHICAGO,  
as Lessor,

by

  
Vice President

[Corporate Seal]

Attest:

  
~~Assistant Secretary~~  
Assistant Trust Officer

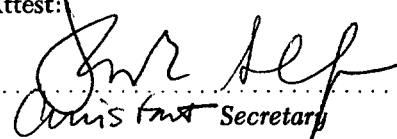
NORTH AMERICAN CAR CORPORATION,  
as Lessee,

by

  
Vice President

[Corporate Seal]

Attest:

  
~~Chris Trust Secretary~~

THE RIGHTS OF THE LESSOR IN AND TO THE RAILROAD FREIGHT CARS HERE-  
UNDER, INCLUDING ITS RIGHTS UNDER THIS LEASE, HAVE BEEN ASSIGNED TO, AND  
ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, AMERICAN NATIONAL BANK &  
TRUST COMPANY OF CHICAGO, AS INDENTURE TRUSTEE, UNDER THE TRUST INDEN-  
TURE DATED AS OF DECEMBER 1, 1975 FROM EXCHANGE NATIONAL BANK OF  
CHICAGO, AS OWNER TRUSTEE, AS SAID TRUST INDENTURE MAY BE AMENDED OR  
SUPPLEMENTED FROM TIME TO TIME AS PERMITTED THEREBY, WHICH SECURITY  
INTEREST HAS BEEN CREATED BY THE ASSIGNMENT OF LEASE AND AGREEMENT  
DATED AS OF DECEMBER 1, 1975 FROM SAID OWNER TRUSTEE TO SAID INDENTURE  
TRUSTEE.

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.:

MICHAEL D. GOODMAN

On this 26 day of December, 1975, before me personally appeared  
, to me personally known, who, being by me duly sworn, says that he is a Vice President  
of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument  
is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank  
by authority of its Board of Directors, and he acknowledged that the execution of the foregoing  
instrument was the free act and deed of said bank.

*Ephraim D. Papajohn*  
Notary Public

[Notarial Seal]

My Commission expires 7/28/79

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.:

On this 27th day of December, 1975, before me personally appeared M.A. Lynch  
, to me personally known, who, being by me duly sworn, says that he is a Vice President  
of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is  
the corporate seal of said company, that said instrument was signed and sealed on behalf of said  
company by authority of its Board of Directors, and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said company.

*Ephraim D. Papajohn*  
Notary Public

[Notarial Seal]

My Commission expires 9/27/77

# SCHEDULE A TO LEASE

## DESCRIPTION OF UNITS

### TANK CARS

Type and AAR Mechanical Designation	Quantity	Lessee's Serial Numbers (Both Inclusive)
Class 111A100W1, 100 Ton, 14,000 gallon capacity Tank car	10	NATX 13991-13999 NATX 14200
Class 111A100W1, 100 Ton, 16,000 gallon capacity exterior coiled and insulated Tank car	14	NATX 16602-16615
Class 111A100W1, 100 Ton, 25,775 gallon capacity Tank car	3	NATX 25786-25788
Class 111A100W1, 100 Ton, 30,650 gallon capacity Tank car	26	NATX 29764-29789
Class 111A100W1, 100 Ton, 31,000 gallon capacity Tank car	1	NATX 29141
Class 111A100W1, 100 Ton, 20,730 gallon capacity interior coiled Tank car	48	NATX 73463-73510
Class 111A100W1, 100 Ton, 20,730 gallon capacity interior coiled Tank car	61	NATX 73511-73571
Class 111A100W1, 100 Ton, 20,000 gallon capacity Tank car	10	NATX 75534-75543
Class 111A100W1, 100 Ton, 20,000 gallon capacity Tank car	1	NATX 75547
Class 111A100W1, 100 Ton, 24,000 gallon capacity exterior coiled and insulated Tank car	5	NATX 76658-76662
Class 111A100W1, 100 Ton, 24,000 gallon capacity interior coiled Tank car	30	NATX 78421-78450
Class 111A100W1, 100 Ton, 24,000 gallon capacity Tank car	24	NATX 81064-81087
SUBTOTAL .....	233	

### HOPPER CARS

Class LO, 100 Ton, 3,000 cubic foot capacity P.D. Hopper cars	1	NAHX 93217
Class LO, 100 Ton, 4,750 cubic foot capacity cov- ered Hopper cars	36 25 17 13 50	NAHX 477914-477949 NAHX 478243-478267 NAHX 478351-478367 NAHX 478387-478399 NAHX 478700-478749
SUBTOTAL .....	142	

### BULKHEAD FLAT CARS

Class FB, 100 Ton, 56' 8½" bulkhead Flat cars	100	NAFX 11125-11224
SUBTOTAL .....	100	
TOTAL .....	475	